MEMORANDUM

I had a talk with Mr. Tyler, the League of Nations representative in Hungary, yesterday. He said that during the last years they had succeeded in cutting down the Hungarian budget by 25%, which was absolutely necessary, but carried through with the greatest difficulty. In this respect he said the situation was much better than here where the budgetary deficit was of a size to cause real concern. I said that we had remarked this, but as the deficit was in the extraordinary budget and the money went for the works program which was made necessary by the internal situation, the situation was believed a little different from that in Hungary. He said the situation was somewhat different, but that they had had much the same in Hungary but had dealt with it in a more decided manner. I said probably this could be done in Hungary without the danger of internal disturbance, but that in Austria the internal situation was different in view of the more definite threat to Austrian independence and to more real interference in her internal affairs from Germany. He agreed that this was fundamentally so and that the Austrians could probably not have done otherwise.

He spoke of Kienbock as being an extraordinarily capable man and of Buresch as taking the budgetary situation rather lightly. I said this was rather the nature of the man than representing his real attitude in handling the situation, and that he was an unusually good man to handle this difficult post.

He agreed that a comparison between Goering and Goemboes was not out of order and that both were vain, interested in uniforms, military display, and rather uninformed and stupid. He said that Goemboes had recently taken the prefix von without any real reason. His position in the country was weaker and if it came to a really secret election he would probably not have a majority, but it was difficult to see who would take his place. He mentioned several people whom the regent is considering. Eckhardt he felt was too much of an opportunist and not sufficiently stable.

With respect to the international situation, he said that he felt better since the recent response and was convinced that French-English cooperation was the only thing that could save the day. He also felt that Germany would not act at the outset in case there is European trouble, but would wait to see whether there was a favorable opportunity.

I also saw Reed of the TIMES later in the day and I told him my views on the general situation and on Austria. He is not so sure that Germany would not take action and places greater weight on the possibility of an immediate formation of a German-Polish-Hungarian bloc with Italy, leading to the division of Czechoslovakia. Bohemia would go to Germany, the Teschen district to Poland, and Slovakia to Hungary. No direct aggressive action would be taken against Austria, which would be forced into the system through the formation of a new Government with so-called nationally minded elements in it and which would lead to a gradual incorporation of Austria into Germany. The question in his mind was Germany and action along this line, and one of the things that worried him was
the work which Papen and Mackensen were doing in Austria and Hungary and the possibility that it had had some effect here too. He seemed to think that the recent organization of the Austrian Government which was considered had involved the taking in of several of these nationally minded elements. I told him I did not think this had been seriously considered yet by the Government.

I saw Tynauer last evening, who confirmed that Mackensen had been a good deal with Gleixner in Linz. He said that the whole effort of Papen was concentrated on trying to bring about a new Government with some of these nationally minded elements in it and that the first step would be the bringing together of the legal and judicial system in Germany and Austria, but that any direct aggressive step would be avoided.

It was interesting that Tyler said that in his last conversations in Budapest his important Hungarian friends had all expressed the fear that when there was trouble they would be on the wrong side again. This seemed to be their fate, they said. This is a pretty sure indication that although the Gomboe visit may not have had anything definite behind it for an immediate objective, it does reflect the state of mind prevailing in Hungary, which feels that she is definitely committed to Germany. There are a lot of indications pointing to this. It was also interesting that he said it was quite a relief to come here and breathe a freer atmosphere. He said in Budapest there was an atmosphere of constraint and the feeling that the decision for them was made and that they had to face an inevitable situation. It was surprising to hear this objective observer say that he breathed more freely here than in Budapest. He said here at least Austria still had a choice.

George S. Messersmith.